

1 UNITED STATES OF AMERICA

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5 NATIONAL GAMBLING IMPACT STUDY COMMISSION

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9 SUBCOMMITTEE ON RESEARCH

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13 MEETING

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17 WEDNESDAY

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19 MARCH 17, 1999

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23 The Subcommittee met in the Potomac I Room
24 at the Windham Bristol Hotel, 2430 Pennsylvania
25 Avenue, Washington, D.C., at 7:15 p.m., Leo McCarthy,
26 Chairman of the Subcommittee, presiding.
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29 PRESENT:

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31 LEO MCCARTHY Chairman
32 JAMES DOBSON Commissioner
33 JOHN WILHELM Commissioner

1 MR. MCCARTHY: Good evening ladies and gentlemen.
2 This is a brief meeting of the Research Subcommittee and I just
3 have a couple of things that I want to try out, mostly for
4 informational purposes. And then I would ask my two colleagues
5 here if they wanted to add anything for our mutual benefit.

6 The first item is to mention that the casino
7 questionnaire response has been coming in since we mailed it out
8 five weeks ago. And the response, the response from commercial
9 casinos is pretty good, particularly from the largest revenue
10 generators. The response from Tribal casinos is somewhat small
11 so far, but we're encouraging a greater response from that part
12 of the industry.

13 And NORC is doing the correlation of the yes and no
14 answers. In other words, the ones that can be quantified. And
15 I've asked them to, to try, you know, they obviously have a lot
16 on their plate this week.

17 But I've asked them to attempt to give us, early
18 Friday afternoon, some summary of at least two sections so we get
19 a taste of what's in this. The one on taxes, which is Section 4,
20 I think, of the casino questionnaire and the one on responsible
21 gambling, which is Section 9.

22 So I hope that we'll be able to hear that. But I
23 think it was a worthwhile project and I'm very pleased at what
24 looks like a good faith effort from a number of casinos that have
25 answered so far. Second subject is, is that, I just handed Jim
26 and John a summary done by the -- you know one of the
27 responsibilities of Bill Bible's Subcommittee is to look at state
28 models, regulatory models and learn more about them and then we
29 can determine, you know, what we're going to mention in the final
30 report and whether we recommend anything or not.

1 But he asked Michael Belletire, of the Illinois
2 Gaming Board, who in turn organized a number of other states
3 where there's a lot of non-Tribal casino gambling going on. And
4 they put together this paper and made a series of
5 recommendations, pardon me, a summary of things that were
6 essential to good state regulatory schemes of non-Tribal casinos.

7 And the reason I gave it to Jim and John is that we
8 have been trying for a long time, largely at John's pushing, to
9 try to figure out what's going on in the convenience stop casino
10 areas. And it's so hard to get a handle on that area. And we
11 know they are concentrated in just six or seven states and we
12 know South Carolina has now 30,000 or more convenience stop
13 casino outlets in truck stops and bars and restaurants and many
14 different other kinds of small businesses.

15 And one of the recommendations in this, or one of the
16 comments in this report I just gave you was that a lot of the
17 things that are deemed essential for a good state regulatory
18 scheme of casinos that are generating a fair amount of revenue,
19 also are applicable to the smaller convenience stop operations.

20 So I just want you, because I have another
21 questionnaire in mind. The questionnaire would go to the
22 Governors of the states involved that are significantly
23 represented by this kind of small convenience stop questionnaire.

24 And now we have, however, a much more definitive list
25 of questions that we could ask and, you know, in the most
26 courteous possible way to elected officials of such high rank.
27 And then we'll try to get them to give yes and no answers. So we
28 have that knowledge that we may want to include in the final
29 report too. Now, you know, what form the questionnaire will
30 take, of course, the three of us would work on.

1 But basically, I just wanted to know if you thought
2 the idea had any kind of merit, even at this late stage. I hate
3 to keep introducing more work, we've got enough on our plate now,
4 but this will make it easy, frankly, to formulate a
5 questionnaire. And I didn't know what you thought of the basic
6 idea.

7 MR. DOBSON: I think it's a good idea. I think it's
8 worth investigating.

9 MR. WILHELM: I would agree. I continue to be
10 intrigued as well by this issue of machines that are not
11 necessarily legal or partly legal or illegal or, you know, that
12 we've talked about a little bit in Virginia Beach, which is a
13 different subject from the one that you're talking about. I was
14 startled to read the other day that the conservative state of New
15 Hampshire had four to six thousand illegal machines that
16 everybody in the state, including the Governor, knows about.

17 The Governor was, the Governor of the state of New
18 Hampshire was citing a distance of four to six thousand illegal
19 slot machines in that state as one of the rationales for thinking
20 about legalizing slot machines. Which I thought was really
21 remarkable in a state like that. But yeah, I think what you're
22 saying makes a lot of sense.

23 MR. MCCARTHY: Okay. Well, I'll start to prepare
24 something. I think Doug Seay is looking down at the ground and
25 he's hoping I won't ask him to help with this.

26 (Laughter.)

27 MR. SEAY: No, I was looking to see if the water was
28 going to last.

29 MR. MCCARTHY: We'll try to see what we can do in
30 that area. Now third and finally, and this is more just for

1 public information as well as for our additional conversation
2 here. The Research Subcommittee, these two gentlemen were kind
3 enough to sign off on a, a skeletal framework that I submitted to
4 the Final Report Subcommittee about what should be in that final
5 report regarding problem and pathological gambling.

6 There's nothing startling about the framework and as
7 far as I'm concerned anybody who wants to look at it is certainly
8 free to do that. I will try to add some flesh to the bones and
9 submit that to the Final Report Subcommittee. In addition, there
10 are a couple of other areas that we should consider to try to
11 work on. If nothing more than to establish the kind of framework
12 we think, the essential things that should be in the final report
13 should be mentioned.

14 One was the possibility of state-run lotteries. And
15 the other was the possibility of the impact on the job market of
16 the establishment of essentially casinos in the United States.
17 But it could touch into other legal gambling facilities as well.
18 But that might be harder to do. Those are the only areas that
19 come up.

20 Do either of you have anything else that you want to
21 come as a recommendation for the Research Subcommittee to the
22 Final Report Subcommittee? Jim.

23 MR. DOBSON: Leo, this is very difficult for me to
24 communicate to my two colleagues here and to the entire
25 Commission and our friends.

26 But I now have major concerns about the NORC Study,
27 especially the telephone aspect of what has happened there. And
28 we've gone through it in considerable detail and I think we, at
29 least let me speak for myself, I feel we have a major problem
30 with validity in that report.

1 And that is potentially embarrassing for us. It's
2 embarrassing for me, because I helped design that study. But
3 looking at the findings and the, some of the conclusions that
4 were drawn and the way it was done, I, I'm going to have to be
5 very candid tomorrow about that. And we'll just have to see
6 where it shakes out.

7 But I have very, very strong views on it and believe
8 that it will be fairly easy why those views are held.

9 MR. MCCARTHY: On the RDD Report?

10 MR. DOBSON: That's right.

11 MR. MCCARTHY: Okay, any other comments on any
12 subject that either of you may want to bring before the --

13 MR. WILHELM: Jim, I gather you prefer to wait --

14 MR. DOBSON: I'm sorry?

15 MR. WILHELM: I gather that you prefer to wait until
16 tomorrow when that's on the agenda to get into the specifics of
17 what --

18 MR. DOBSON: Yeah, I think so. I'd like to have Dean
19 here and others to respond.

20 MR. WILHELM: Fine.

21 MR. DOBSON: Otherwise I will have to just repeat
22 myself.

23 MR. WILHELM: Sure, that's fine.

24 MR. DOBSON: But I think there are, you know, there
25 are some, there's face validity problems there and then, I mean
26 just outright methodological problems that really concern me.

27 MR. MCCARTHY: Okay. Anything else to come before
28 the Research Subcommittee today?

29 (No response.)

1 MR. MCCARTHY: If not, thank you very much. This
2 meeting is closed.